

FACTSHEET FURNITURE INDUSTRY

The furniture industry in Germany generated a total annual turnover of €18 billions as of 2023 and is hence one of Germany's smaller industry sectors. The average company size is 175 employees and the average revenue per employee in 2023 is around €239,000. In 2023, an average of around 75,366 people were employed in companies in the furniture industry with 50 or more employees. Most of the furniture-producing companies in Germany are medium-sized, yet there are a few large producers. The federal states of Bavaria, Baden-Württemberg and North Rhine-Westphalia are prominent centres of furniture production.

German Furniture Industry

Production of furniture is labour-intensive, noticeable in the personnel costs that accounted for around 25.4% of the industry's gross production value in 2021. Nonetheless, modern technology and skilled labour are used in every production step.

A big part of the production is sold locally and around 33% is exported, mainly to other European countries which in turn means that German furniture manufacturers generate almost a third of their turnover on average in foreign markets.

Since 2023, the positive trend that was achieved in the market has been declining. Germany's furniture industry is feeling the effects of customers' reluctance to spend in the face of inflation and an uncertain outlook, leading to a decline in sales for the first time in a long time. Additionally, high prices for materials, fierce competition and intense price pressure come along.

While furniture producers are characterised by medium-sized companies, furniture traders &

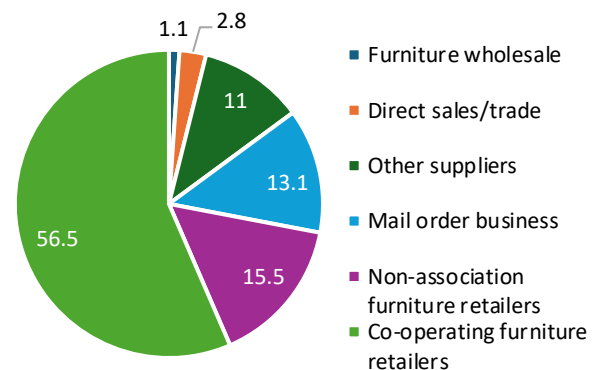
stores are dominated by large companies. Enterprises such as Ikea, XXXLutz, Otto Group and Höffner have significant market power and keep wholesale prices low.

German furniture companies by turnover in 2022



Market Shares of the various sales channels

Market share of the furniture distribution to the end customer in % in 2021



Furniture imports rose considerably during the past years. Most of the imports come from Poland, China, Italy and the Czech Republic. Among these imports, is Poland, which had the greatest share in 2023, followed by China.

German Production of Furniture

Consumers and Market

On average, German consumers spent 449€ per capita on furniture in 2022, which is the highest per capita spending on furniture in Europe. 6% of total consumer spending is used on furniture which amounts to 52.1 million euro for the whole country.

Furniture produced in 2022 in 1000 units



Obstacles and Chances

Furniture made of natural materials in combination with innovative design is one of the upcoming trends in Germany. Foreign premium producers could find big margins in this specific market section. Generally, there is a significant trend towards natural materials although these materials are getting more expensive.

The fact that labour cost in Germany is comparatively high and furniture production is labour intensive, production is carried out in countries such as China and Bosnia due to the low cost of labour. Therefore, one out of ten pieces of furniture sold in Germany is imported from China. While the trademark "Made in China" is seen as an indicator of lower quality by many Germans and hence often avoided,

this does not apply to furniture because there is no obligation to indicate its origin.

Producers of furniture have the best opportunities to succeed in the German market by providing good quality, natural materials and low prices. These products, however, also have to fulfil the requirement of a modern and appealing design. Furthermore, there is a market for niche products such as hand-carved oriental-style furniture, though sales potential is comparatively low.

Concerning German exports, furniture "Made in Germany" would first of all target upper-class customers, as products are of high quality. Creative design and modern shapes make it appealing to younger generations. Nonetheless, prices of German furniture export products are competitive due to price pressure and strong competition in the domestic market.

All information has been researched and compiled thoroughly. The publisher (and the writers) does not accept liability for the accuracy and completeness of the content, as well as interim changes.

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